REGISTERED NUMBER: 05354148 (England and Wales)

Report of the Director and

Financial Statements

for the Year Ended 31 December 2015

for

Kirkpatrick Restaurants Ltd

Contents of the Financial Statements
for the Year Ended 31 December 2015

	Page
Company Information	1
Report of the Director	2
Statement of Director's Responsibilities	5
Report of the Independent Auditors	6
Income statement	8
Statement of Financial Position	9
Notes to the Financial Statements	10
Reconciliation of Equity	15
Reconciliation of Profit	17

Kirkpatrick Restaurants Ltd

Company Information
for the Year Ended 31 December 2015

DIRECTOR:	J W Kirkpatrick
REGISTERED OFFICE:	Chancery House 30 St Johns Road Woking Surrey GU21 7SA
REGISTERED NUMBER:	05354148 (England and Wales)
AUDITORS:	The Barnbrook Sinclair Partnership LLP Chartered Accountants Statutory Auditor Chancery House 30 St Johns Road Woking Surrey GU21 7SA

Report of the Director
for the Year Ended 31 December 2015

The director presents his report with the financial statements of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of franchisee operators of McDonald's quick serve restaurants.

REVIEW OF BUSINESS
During the period under review, the company continued to deliver sound results in a difficult business environment. The company operates in a highly competitive market. High Street consumer behaviour and the variability of commodity prices impacts on the company's turnover and profitability. The company remains exposed to periods of high food cost inflation and continually assesses any risks identified with the aim of mitigating the threats these may have on the company's operations and profitability. The company continued its environmental improvement programme including ensuring environmentally friendly utilities are used wherever possible.

The company considers that its key performance indicators are those that communicate the financial performance and strength of the company, primarily turnover, gross profit and operating profit. The company saw reduced sales growth from its restaurants over last year with overall sales in 2015 decreasing from £7.1m to £6.9m. This was due to the sale of two restaurants offset by the purchase of one restaurant in 2014. The "like for like" sales with stores operated by the company in both periods reported a 1.9% reduction (2014:1.1%) in sales. The company's gross profit reduced from £2.6m to £2.5m, with its operating profit reducing from £0.61m to £0.16m, primarily due to a £0.69m profit made from the sale of two restaurants in 2014.

Given the straightforward nature of the business, the Board are of the opinion that further analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the company.

RESEARCH AND DEVELOPMENT
The company does not carry out any independent or specific research and development. However, McDonald's Restaurants Limited carries out its own research development on behalf of all franchisees. The company makes a contribution towards this through its existing payments to McDonald's Restaurants Limited.

FUTURE DEVELOPMENTS
The director aims to maintain the existing management policies which have resulted in the company's successful period of trading. These policies include the intention to grow sales and maintain control over costs. The director expects 2016 to be another profitable period of trading and considers that the company is in a good position to take advantage of any profitable opportunities which may arise in the future, including further acquisitions of stores.

DIRECTOR
J W Kirkpatrick held office during the whole of the period from 1 January 2015 to the date of this report.

FINANCIAL INSTRUMENTS
The company's principal financial instruments comprise bank balances, loans to the company, and trade creditors. The main purpose of these instruments is to provide funds for the company's operations. Their existence exposes the company to a number of financial risks, which have been considered and are managed as follows:

Operational risk: Operational risk is the risk of a direct or indirect loss resulting from the inadequacies or failures of processes or controls due to technology, staff, organisation or external factors. To monitor and control operational risk, the Company maintains a system of comprehensive policies and a control framework which is designed to provide and sound and well-controlled operational environment.

Liquidity risk: Liquidity risk is the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due. The Company's strategy to managing liquidity risk is to ensure that the Company has sufficient funds to meet all its potential liabilities as they fall due. In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdraft facilities at floating rates of interest. In respect of bank loans, although the interest rates are variable, monthly repayments are fixed. The liquidity risk is therefore managed by ensuring there are sufficient funds available to meet the monthly repayments. In respect of trade creditors, the liquidity risk is managed by ensuring sufficient funds are available to meet amounts due for payment.

Price risk: Price risk is the risk that financial performance of the company will be adversely affected by pricing charges. Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company sets its own prices within allowable variations. Cash flow and liquidity exposure is therefore directly related to prices and turnover.

Interest rate risk: Interest rate risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations on interest rates being charged to the company on its financial instruments, most noticeably bank loans and its bank overdraft facility. The interest rate risk is managed by the on-going monitoring and assessment of its borrowings and the interest rate charged.

Credit risk: Credit risk is the risk of a potential loss from a customer or conterparty default. Due to the nature of the company's trade, there is no exposure to credit risk.

Currency risk: Currency risk is the risk that financial performance of the company will be adversely affected by adverse fluctuations in foreign currencies used by the company. The company has no exposure to foreign currency risk.

PRINCIPLE RISKS AND UNCERTAINTIES
The company operates in a highly competitive market with High Street consumer behaviour impacting on the company's turnover and profitability. This risk has had some impact on the company within specific geographical areas but the business has not been adversely affected as a whole. The company mitigates this risk by adopting a policy of constantly assessing its pricing strategy with ongoing market research.

The company remains exposed to periods of high food cost inflation together with the variability of commodity prices, which both impact on the company's profitability. The company continually assesses any risks identified with the aim of mitigating the threats these may have on the company's operations and profitability. The company continued its environmental improvement programme including ensuring environmentally friendly utilities are used wherever possible.

The company is continually affected by pressures within the labour market and wage cost inflation. The company mitigates this risk by a policy of adopting remuneration and benefits packages designed to be competitive within the market as well as ensuring full compliance with labour market regulations with employment policies to allow fulfilling career opportunities for all employees.

DISABLED EMPLOYEES
The company operates an equal opportunities policy with regard to recruitment and seeks to offer suitable work and training wherever practicable to persons with disabilities. The policy of the company is to ensure that disabled applicants for employment are given full and fair consideration having regard to their particular aptitudes and abilities. Existing disabled employees are given equal access to appropriate training, career development and promotion opportunities within the company. In the event of employees becoming disabled while in the employment of the company, all reasonable means are explored to achieve retention in employment in the same or an alternative capacity.

Report of the Director
for the Year Ended 31 December 2015

EMPLOYEE INVOLVEMENT
Regular meetings are held by the management of the company to discuss matters of concern. An open management policy is operated whereby all members of staff (including part-time and casual staff) are briefed regularly and kept informed on matters affecting the company by means of regular store meetings and communications, together with personal appraisals and feedback sessions. In addition there is a bulletin board in each restaurant where information relating to company policy is displayed.

GOING CONCERN
The company is in a net current assets position at the balance sheet date. The company's Board has performed appropriate enquiries and consider that the strength of business performance is sufficient to consider it reasonable that the company will continue in operational existence for the foreseeable future. The Board expect future income will fund the current liabilities at the year end and conclude that it is appropriate to prepare the financial statements on a going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.
This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J.W.Kpatrick
J W Kirkpatrick - Director

Date: 21-9-16

Statement of Director's Responsibilities for the Year Ended 31 December 2015

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Independent Auditors to the Members of
Kirkpatrick Restaurants Ltd**

We have audited the financial statements of Kirkpatrick Restaurants Ltd for the year ended 31 December 2015 on pages eight to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Kirkpatrick Restaurants Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

Stuart Wright (Senior Statutory Auditor)
for and on behalf of The Barnbrook Sinclair Partnership LLP
Chartered Accountants
Statutory Auditor
Chancery House
30 St Johns Road
Woking
Surrey
GU21 7SA

Date: 21 . 9 . 16

Income statement
for the Year Ended 31 December 2015

	Notes	31/12/15 £	31/12/14 £
TURNOVER		6,935,874	7,067,302
Cost of sales		(4,440,951)	(4,490,887)
GROSS PROFIT		2,494,923	2,576,415
Administrative expenses		(2,332,850)	(1,962,068)
OPERATING PROFIT	4	162,073	614,347
Interest payable and similar expenses		(1,006)	(14,385)
PROFIT BEFORE TAXATION		161,067	599,962
Tax on profit		(66,585)	2,024
PROFIT FOR THE FINANCIAL YEAR		94,482	601,986

The notes form part of these financial statements

Statement of Financial Position
31 December 2015

	Notes	31/12/15 £	31/12/14 £
FIXED ASSETS			
Intangible assets	6	58,000	62,500
Tangible assets	7	794,621	468,482
Investments	8	5,000	5,000
		857,621	535,982
CURRENT ASSETS			
Stocks	9	39,939	43,212
Debtors: amounts falling due within one year	10	191,730	99,691
Cash at bank and in hand		487,398	568,564
		719,067	711,467
CREDITORS			
Amounts falling due within one year	11	(544,415)	(581,150)
NET CURRENT ASSETS		174,652	130,317
TOTAL ASSETS LESS CURRENT LIABILITIES		1,032,273	666,299
CREDITORS			
Amounts falling due after more than one year	12	(397,907)	-
PROVISIONS FOR LIABILITIES		(152,741)	(86,156)
NET ASSETS		481,625	580,143
CAPITAL AND RESERVES			
Called up share capital		200	200
Retained earnings		481,425	579,943
SHAREHOLDERS' FUNDS		481,625	580,143

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 21-9-16 and were signed by:

J W Kirkpatrick - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2015

1. STATUTORY INFORMATION

Kirkpatrick Restaurants Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The company is in a net current assets position at the balance sheet date. The company's director has performed appropriate enquiries and consider that the strength of business performance is sufficient to consider it reasonable that the company will continue in operational existence for the foreseeable future. Accordingly he considers it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover
Turnover represents sales of products to customers, excluding value added tax.

Revenues are recognised at the point of sale where food and beverage products are sold to customers in company restaurants and arise from continuing activities derived from its principal activity wholly undertaken within the United Kingdom.

Intangible fixed assets
Intangible assets relate to payments made in respect of new franchise arrangements. The cost is being written off over its estimated life of twenty years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Restaurant equipment	-	Straight line over 10 years, Straight line over 2 years, Straight line over 5 years and Straight line over 3 years
Computer equipment	-	33% on cost

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Employee benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. ACCOUNTING POLICIES - continued

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which these are incurred.

The holiday year for the company ends at the reporting date and employees are not entitled to carry forward unused holiday.

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Stamp duty
The amortisation of stamp duty is calculated to write off the cost in equal instalments over the shorter of the unexpired lease and 20 years.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 186.

4. OPERATING PROFIT

The operating profit is stated after charging:

	31/12/15	31/12/14
	£	£
Depreciation - owned assets	135,351	164,570
Franchise fees amortisation	4,500	6,875
Pension costs	19,952	22,561

5. DIVIDENDS

	31/12/15	31/12/14
	£	£
Ordinary shares of £1 each		
Interim	193,000	207,000

continued...

6. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2015	
and 31 December 2015	90,000
AMORTISATION	
At 1 January 2015	27,500
Charge for year	4,500
At 31 December 2015	32,000
NET BOOK VALUE	
At 31 December 2015	58,000
At 31 December 2014	62,500

Franchise fees are valued at cost less accumulated depreciation with amortisation calculated to write off the cost in equal instalments over its estimated useful life of twenty years being the period over which the company will derive direct economic benefit from the acquisitions made.

7. TANGIBLE FIXED ASSETS

	Restaurant equipment £	Computer equipment £	Totals £
COST			
At 1 January 2015	1,022,325	9,999	1,032,324
Additions	454,958	7,079	462,037
Disposals	(27,059)	-	(27,059)
At 31 December 2015	1,450,224	17,078	1,467,302
DEPRECIATION			
At 1 January 2015	553,843	9,999	563,842
Charge for year	134,164	1,187	135,351
Eliminated on disposal	(26,512)	-	(26,512)
At 31 December 2015	661,495	11,186	672,681
NET BOOK VALUE			
At 31 December 2015	788,729	5,892	794,621
At 31 December 2014	468,482	-	468,482

continued...

8. FIXED ASSET INVESTMENTS

	Other investments £
COST	
At 1 January 2015 and 31 December 2015	5,000
NET BOOK VALUE	
At 31 December 2015	5,000
At 31 December 2014	5,000

As part of the franchise arrangements, the company has purchased shares in Fries Holding Company Limited, incorporated in Guernsey, which operates as an insurance captive for the company. No dividends have been received from the company in the period under review. The investment is shown at cost.

9. STOCKS

	31/12/15 £	31/12/14 £
Stocks	39,939	43,212

The difference between the purchase price of stocks and their replacement cost is not material.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/15 £	31/12/14 £
Trade debtors	399	507
Other debtors	191,331	99,184
	191,730	99,691

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/15 £	31/12/14 £
Bank loans and overdrafts	99,996	-
Trade creditors	232,516	235,628
Taxation and social security	160,492	204,923
Other creditors	51,411	140,599
	544,415	581,150

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/12/15 £	31/12/14 £
Bank loans	397,907	-

continued...

13. LEASING AGREEMENTS

The company's restaurant premises are leased from McDonald's Restaurants Limited under non-cancellable operating leases with variable expiry terms of up to 20 years. Lease payments are based on monthly sales income generated and vary substantially. The minimum future lease payments payable under the terms of the leases is £3,781,916.

The director estimates that lease payments based on budgeted sales for the year to 31 December 2016 will be in the region of £970,000.

14. RELATED PARTY DISCLOSURES

During the year, total dividends of £193,000 (2014 - £207,000) were paid to the director.

During the previous year, the company purchased management services totalling £199,662 from Eversley Support Services Limited, a company incorporated in England and Wales and sharing the same year end. The company's director, Mr J W Kirkpatrick is also a director of that company. There was no balance outstanding at the year end and no such services were provided in the current period.

Included within other creditors are funds due to the company's director of £40 (2014 £39). There is no interest charged on this balance and it is repayable on demand.

15. ULTIMATE CONTROLLING PARTY

The company is controlled by its director, Mr J W Kirkpatrick, who owns all 100% of the company's issued share capital.

16. FIRST YEAR ADOPTION

The company has adopted FRS 102 for the year ended 31 December 2015.

There were no transitional adjustments to equity or to the profit for the year to 31 December 2014 as a result of the transition to FRS 102.

Reconciliation of Equity
1 January 2014
(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		111,750	-	111,750
Tangible assets		753,188	-	753,188
Investments		6,250	-	6,250
		871,188	-	871,188
CURRENT ASSETS				
Stocks		53,565	-	53,565
Debtors		167	-	167
Prepayments and accrued income		165,056	-	165,056
Cash at bank and in hand		542,745	-	542,745
		761,533	-	761,533
CREDITORS				
Amounts falling due within one year		(818,347)	-	(818,347)
NET CURRENT LIABILITIES		(56,814)	-	(56,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		814,374	-	814,374
CREDITORS				
Amounts falling due after more than one year		(540,776)	-	(540,776)
PROVISIONS FOR LIABILITIES		(88,441)	-	(88,441)
NET ASSETS		185,157	-	185,157
CAPITAL AND RESERVES				
Called up share capital		200	-	200
Retained earnings		184,957	-	184,957
SHAREHOLDERS' FUNDS		185,157	-	185,157

continued...

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		62,500	-	62,500
Tangible assets		468,482	-	468,482
Investments		5,000	-	5,000
		535,982	-	535,982
CURRENT ASSETS				
Stocks		43,212	-	43,212
Debtors		99,691	-	99,691
Cash at bank and in hand		568,564	-	568,564
		711,467	-	711,467
CREDITORS				
Amounts falling due within one year		(581,150)	-	(581,150)
NET CURRENT ASSETS		130,317	-	130,317
TOTAL ASSETS LESS CURRENT LIABILITIES		666,299	-	666,299
PROVISIONS FOR LIABILITIES		(86,156)	-	(86,156)
NET ASSETS		580,143	-	580,143
CAPITAL AND RESERVES				
Called up share capital		200	-	200
Retained earnings		579,943	-	579,943
SHAREHOLDERS' FUNDS		580,143	-	580,143

Reconciliation of Profit
for the Year Ended 31 December 2014

	UK GAAP £	Effect of *transition* to FRS 102 £	FRS 102 £
TURNOVER	7,067,302	-	7,067,302
Cost of sales	(4,490,887)	-	(4,490,887)
GROSS PROFIT	2,576,415	-	2,576,415
Administrative expenses	(1,962,068)	-	(1,962,068)
OPERATING PROFIT	614,347	-	614,347
Interest payable and similar expenses	(14,385)	-	(14,385)
PROFIT BEFORE TAXATION	599,962	-	599,962
Tax on profit	2,024	-	2,024
PROFIT FOR THE FINANCIAL YEAR	601,986	-	601,986